

SECRET

**Analysis of Agreements Concluded Between
the USSR and Countries of Eastern Europe**

The Soviet Union has concluded two types of agreement with the countries of Eastern Europe, trade agreements and agreements for economic collaboration. The trade agreements are essentially barter agreements which provide for the exchange of specific commodities. The prices for these commodities are generally stipulated in the agreements, and provision is also made for the balancing of respective accounts for deliveries of goods.

The agreements for economic collaboration provide for the participation of Soviet capital and technical skill in the economies of the countries with which such agreements have been concluded. These agreements provide for the formation of joint enterprises for navigation, agriculture, production and exploitation of oil and other natural resources, iron and steel production, etc.

In the following discussion the trade agreements and agreements for economic collaboration will be analyzed in separate sections. In the analysis of the trade agreements two factors will be considered: 1) prewar Soviet commercial policy with particular reference to the countries of Eastern Europe and 2) conditions which prevail in these countries at the present time.

Mention might be made at this point of the secrecy which has attended the negotiation of these agreements and the terms of the agreements subsequently concluded. Although the Soviet press and radio have mentioned briefly the conclusion of the trade agreements and summarized the principal terms, very little publicity has been given to the agreements for economic collaboration and until recently little was publicly known about the terms. The case of the agreement for economic collaboration which was concluded on May 8, 1945 between the USSR and Rumania is illustrative. On June 21, 1945 General Schuyler, Senior United States Military Representative on the

Allied

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Allied Control Commission for Rumania, asked General Susaikov, Senior Soviet Military Representative on the ACC for Rumania, if "there is a five year mutual assistance agreement?" General Susaikov replied "No, there is only an agreement for the mutual exchange of goods, mention of which was made in the official Rumanian newspapers." At that time the Department was fortunate in having a complete text of the agreement for economic collaboration which had been made available to the American representative through the King's Household in Rumania.

The Department has asked the Soviet foreign office for texts of the agreements concluded between the USSR and Rumania, Bulgaria, and Hungary which countries were subject to the authority of the Allied Control Commission composed of military representatives from the United States, Great Britain and the USSR. Although these requests were made in June and July, no texts of these agreements have been forthcoming from the USSR.

Analysis of the Trade Agreements

A complete list of trade agreements concluded by the USSR with countries of Eastern Europe and of other trade agreements concluded among the countries of Eastern Europe together with supplementary information is appended as Annex I.

In connection with these trade agreements, it should be pointed out that prior to World War II the USSR had concluded numerous clearing and barter agreements. As will be indicated in the discussions relating to particular countries below, clearing agreements were concluded between the USSR and Rumania, Hungary, Bulgaria, Poland and perhaps other Eastern European countries.

An important

✓ Telegram 1335, June 18, 1945 to Moscow.

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the recent trade ✓

An important consideration in evaluating ~~these~~ ^{ex-}agreements is the conditions which prevail in these countries at the present time. As ex-enemy countries, Rumania, Bulgaria and Hungary are not entitled at present to receive credits or financial aid from the United States nor have their blocked balances in the United States been unfrozen. It is, therefore, very difficult for them to obtain United States dollars or to sell commodities on the United States market. The agreement with the USSR would, therefore, seem to offer one of few possibilities for these ex-enemy countries to obtain certain essential materials for the continued operation of their economy. In all the countries discussed, poor transportation, poor communications, lack of foreign exchange, etc. seriously limit trade relationships with Western Europe or the United States and make bilateral trade agreements with the USSR very nearly the only practical alternative at present.

RUMANIA

The USSR, prior to the German attack on the Soviet Union which occurred June 22, 1941, had concluded two trade agreements with Rumania: a clearing agreement of February 15, 1936 and one of February 26, 1941. The second agreement provided for the delivery to Rumania by the USSR of 6,400 tons of cotton, 1,000 tons of cast iron, 500 tons manganese ore, and miscellaneous goods. Rumania, on the other hand, was to deliver to the USSR 100,000 tons of gasoline, 1,200 tons lubricating mineral oils, 2,000 tons caustic soda and miscellaneous goods. The total value of the goods to be exchanged amounted to approximately \$4,000,000.

The recent trade agreement with Rumania which was concluded on May 8, 1945 involves the exchange of goods amounting to approximately \$12,000,000. On the basis of a cursory examination of the quantities of particular goods involved in the exchange, a fairly even balance appears to be achieved. It is believed, however, that one country or the other might be favored either on the basis of actual deliveries or on the basis of the prices

established

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established for particular commodities involved. It is possible that the exchange rate by which the world prices of commodities are computed in local currencies may give the USSR some advantage.

The reparations payments which Rumania is obligated to make to the USSR must be taken into consideration in the discussion of the trade agreements. According to the Armistice terms, Rumania is obligated to pay \$90,000,000 ^{1/} in kind to the Government of the USSR. According to reports, the method of valuation of the goods has considerably increased the burden on Rumania. The net result of the total deliveries required by reparations appears to be about as much as the present state of economic production in Rumania can make available and still maintain a subsistence level of living in the country.

When the total deliveries on reparations account and under the trade agreements are taken into consideration it may be concluded that practically the entire exportable surplus of Rumania is absorbed by the USSR.

SUMMARY

On September 3, 1940, the USSR concluded an agreement concerning the exchange of goods and payments with Hungary. This agreement provided for an exchange of specific types of goods and a balancing of payments in the amount of approximately \$3,700,000.

The trade agreement concluded between the USSR and Hungary on August 27, 1945 contains provisions similar to those in the prewar agreement. The commodities which are to be exchanged between the two countries are, however, set forth in considerably more detail. The commodities to be furnished by the USSR to Hungary are similar to those included in the prewar agreement. The commodities to be furnished by Hungary to the USSR, however, are substantially expanded and include relatively large amounts of agricultural produce, whereas prior to the war Hungary's

exports

^{1/} Annually, in 1938 prices with an increase of 15% for industrial equipment and 10% for other goods. The same pricing basis is used in the other reparations countries. In this connection the American wholesale price index has risen 30% since 1938.

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exports to the USSR were primarily capital goods. The amounts involved in the recent trade agreement total approximately \$30,000,000.

Mr. Schoenfeld, American representative to Hungary, in commenting on the trade agreement said that "the trade agreement is generally regarded as profitable from the Hungarian viewpoint. Processing of Russian cotton will utilize surplus Hungarian textile capacity. Hungarian economy sorely needs raw materials . . . from Russia. Hungary will have difficulty providing goods required for exports to the USSR but oil and food products which comprise an important part of export list, are relatively readily available." 1/

Although the total reparations which Hungary is obligated to pay according to the terms of the Armistice amount to \$300,000,000 over a six year period, only \$30,000,000 per year is due to the USSR. The remaining \$270,000,000 per year is to be divided between Yugoslavia and Czechoslovakia. Perhaps it is coincidental that reparations plus the total amount of goods involved in the trade agreement amount, both in the case of Rumania and Hungary, to \$60,000,000.

BULGARIA

As provided in the Armistice agreement, Bulgaria is required to pay to the USSR \$50,000,000 a year for a period of six years as reparations. In addition to deliveries under reparations, the USSR has concluded a detailed trade agreement with Bulgaria which provides for an exchange of large quantities of goods. The total value of commodities involved in the exchange is not indicated, and consequently no comparison can be made with the values involved in the above mentioned agreements

concluded

1/ Telegram 719, October 6, from Budapest.

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concluded between the USSR and Rumania and Hungary respectively.

In commenting on the trade agreement with Bulgaria shortly after its conclusion, the American Minister stated that the agreement monopolized practically all commodities which Bulgaria might conceivably make available for export in addition to those required under reparations. In discussing commodities which might be sold to the United States as a means of opening up trade with Bulgaria, he commented that tobacco in the amount of 8,000 tons would be the only commodity available for export by Bulgaria to third countries. 1/ In fact, on November 17 an agreement was announced whereby an American private importer agreed to send to Bulgaria shoes, chemicals, copper, medical supplies, etc. in exchange for tobacco. There is some evidence that the USSR is selling in the United States tobacco imported from Bulgaria. 2/

FINLAND

Finland is also committed under the terms of the Armistice to supply the USSR with goods valued at \$70,000,000 a year for a period of six years. In addition to this, Finland is also obligated under trade agreement signed August 11, 1945 to make shipments of specified commodities to the USSR. The value of the goods to be exchanged under this agreement amounts to approximately \$8,000,000.

POLAND

Poland, a friendly state, is not burdened by any exports on reparations account. An agreement, however, was signed between Poland and the USSR on July 7, 1945 providing for an exchange of goods valued at approximately \$60,000,000. In addition to this agreement, an

arrangement

1/ Telegram 1762, May 26, 1945, Moscow, file 681.7431/3-2645
Confidential file.

2/ Telegram 598, October 13, Sofia.

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arrangement covering the shipments of coal from Poland to the USSR for the duration of the period of occupation of Poland was concluded, August 17, 1945.

This trade agreement with Poland is apparently along the lines of the barter agreement concluded February 19, 1939 between the USSR and Poland. The annual turn-over of the goods under that agreement amounted to approximately \$23,500,000.

It has been ascertained that in spite of agreements to export coal to Sweden, Denmark, Norway, Hungary and Rumania almost all Polish coal exports have gone to the USSR except 250,000 tons exported through October 31 to Sweden. Semi-official sources report that the USSR is paying only 80 zlotys per ton for coal delivered at Polish mines, whereas the cost of producing such coal is between 200 and 300 zlotys. Some of this coal is reportedly being reexported from the USSR to Czechoslovakia and Hungary. Some Polish officials express doubt that Poland will be paid by the USSR at all, this being the price Poland may have to pay to the USSR for a share of Russian reparations from Germany. 1/

CZECHOSLOVAKIA

Trade relations between Czechoslovakia and the USSR have been much slower to develop than those between the USSR and other countries of Eastern Europe. A trade agreement was signed only recently and according to reports has not yet been ratified. Similar to other agreements, it provides for the exchange of goods amounting to approximately \$20,000,000. Czechoslovakia, of course, is not committed to any reparations obligations.

Conclusions

1/ Despatch no. 94, November 8, 1945, Warsaw;
telegram no. 506, October 31, 1945, Warsaw,
Sources for whole paragraph.

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Conclusions Concerning Trade Agreements

Although the trade agreements which the USSR has concluded with countries of Eastern Europe fall within the general group of short-term bilateral barter arrangements concluded in the present emergency transitional period between certain countries of Europe, the total values involved are impressive when compared with the pre-war trade of the USSR. The value of the trade agreements, on the basis of figures mentioned above, amounts to approximately \$130,000,000 annually. In addition, the USSR is scheduled to receive \$150,000,000 annually in the form of reparations. This gives imports into the USSR of approximately \$280,000,000 annually from the countries of Eastern Europe if the trade agreements are continued at the present rate. These imports of \$280,000,000 may be compared with total Soviet imports prior to the war which averaged approximately \$290,000,000 annually.

In addition to the large amounts involved, other provisions of these trade agreements involving the importation of cotton from the USSR in return for the export to the USSR of yarn and textiles processed therefrom accord the USSR an exclusive position with respect to the cotton trade in Hungary, Rumania and Bulgaria. In the case of all three countries, the quantity of USSR cotton imported would monopolize the total normal cotton import trade and would supply sufficient cotton to occupy completely the cotton spinning and textile capacity of the respective countries for periods of a year or more. Furthermore, the textiles furnished to the USSR in return deprive these countries of textiles which are badly needed locally. United States cotton exports were normally an important factor in the trade with all these countries and formed before the war as much as 80% of total United States exports to Hungary. USSR monopolization of trade of this commodity would exclude the United States from these markets; however, the cotton promised by the USSR has not been forthcoming and there is the possibility that the market can be at least partially secured by United States interests.

It is

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It is difficult to determine whether these agreements are in fact extortionate. It is possible that the method of computing prices, the exchange rate established, and the actual delivery of goods might give the USSR an overwhelming advantage. As noted under the discussion of Poland, there seems to be some evidence of such price discrimination. However, lacking statistical information on the agreements and additional information concerning the prices and deliveries, a conclusion cannot be reached regarding the equity of the exchange of goods under the trade agreements. The reparations, of course, give the USSR a tremendous advantage and are proving to be a heavy strain on the economies of those countries obligated to pay reparations. The prices established for goods delivered on reparations account accentuate the burden on these countries.

Compared with pre-war trade between the USSR and the countries of Eastern Europe, these agreements result in forcing trade into unnatural bilateral channels. As indicated in tables of Annex II, the USSR for the years 1934, 1936 and 1938 did not receive more than 3% of the imports or provide more than 3% of the imports of Rumania, Bulgaria, Hungary, Yugoslavia, Czechoslovakia and Poland. At the present time, the Soviet Union is taking approximately 90% or more of the available exports of most of these countries and is furnishing practically all of the imports. Concerning the question of the natural bilateral channels it should be pointed out that Germany prior to the war was the primary market and source of imports for most of the countries of Eastern Europe. With Germany removed as a market and source of imports, a substantial change in the foreign trade of the countries of Eastern Europe is inevitable.

APPARENTLY
These trade agreements represent an attempt to shift the trade of the countries of Eastern Europe towards the USSR. The difficulty is, however, that the economies of the countries of Eastern Europe and of the USSR are

supplementary

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supplementary and not complementary. The USSR is normally an exporter of foodstuffs, as are the countries of Eastern Europe. 1/ At the present time, however, the Soviet Union is greatly in need of foodstuffs of all kinds and is in a position to supply in return some raw material and semi-finished articles.

It should be pointed out in this connection that the USSR has not blocked the negotiation of trade agreements between these countries of Eastern Europe and countries quite outside such a potential regional bloc. Hungary has been allowed by the ICG to negotiate possible exchanges of goods with Switzerland and Sweden. Poland has reached agreements with Denmark, Norway and Sweden, and in Bulgaria a barter trade arrangement with a United States trader was possible. Numerous agreements between the countries of Eastern Europe have also been concluded. It is possible that the USSR will be satisfied with a smaller share in the trade of these countries once trade on a more or less normal basis is physically possible with more distant third countries.

Agreements for Economic Collaboration

Agreements for economic collaboration have been concluded with Rumania, Hungary and possibly Bulgaria.

Hungary: The agreement was signed August 27, 1945, Moscow, duration five years. Text was secured from a confidential source, sent as enclosure to Despatch no. August 17, 1945, Budapest, later transmitted to American Mission in a note of October 11, 1945 from Prime Minister Miklos.

Rumania: The agreement was signed May 8, 1945, Moscow, duration five years. Text was secured from a confidential source, sent as enclosure no. 2 to Despatch no. 316, May 18, 1945, Budapest.

Bulgaria:

✓ The following comparison of exports for a prewar year (1934) can be made (in per cent of total exports):

	USSR	Hung.	Rum.	Yug.	Pol.	Hung.	Czech.	Bel
Live animals	—	3	3	12	3	11	—	—
Foodstuffs	23	26	41	32	26	46	6	3
Raw materials	53	64	43	39	48	15	24	19
and semi-manufactures								
Manufactures	24	5	13	17	23	28	70	76

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Bulgaria: The USSR-Bulgarian trade agreement of March 14, 1945, referred to working out "a program of measures to be taken towards fuller cooperation in the economic field." This would presumably take the form of the other agreements for economic collaboration.

Objectionable Features

Hungary: For the most part, the joint companies proposed in the agreement are described in general terms, and cannot be designated as monopolistic or exclusive of other foreign interests on the basis of what is known thus far concerning them. It is specified only that the USSR will "participate" in the reconstruction and development of certain aspects of Hungarian economy, and it cannot be held to exclude the possibility of "participation" by other countries in similar projects.

There are, however, at least the following five cases in which a very favored position is accorded the USSR.

a. The agreement would provide (Part I, 2.3) for the USSR to participate through joint firms not only in the discovery of new mineral oil deposits, but also in the exploitation of existing oil fields, refineries, processing plants and in the marketing of all oil products. There would, thus, be created a joint USSR-Hungarian firm or firms which could have an indefinite share in all established oil fields and all refineries. Since there is this provision for a joint firm which could take over part ownership of all oil properties in Hungary past, present and future, and since the joint marketing firm is to participate in the sale of oil products, it might become a monopoly for selling all Hungarian oil products.

Since all Hungarian sub-soil rights (except coal) belong to the State, the Hungarian State, which will have the responsibility for supervising Hungarian participation in the joint USSR-Hungarian firms, will probably not be disposed to pass out

concessions

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concessions to other foreign corporations. As the matter stands now, the United States Standard Oil Company, for instance, stands to lose in Hungary whatever portion of its oil properties the joint USSR-Hungarian oil development firm decides shall be its just "participation" in this \$1,000,000 investment with a steady pre-war annual production of 220,000 tons.

b. With respect to joint coal enterprises, (Part I, B, 4) the agreement seems to imply the creation of a joint firm (in the case the Hungarian State is specified) not just to dig coal, but to supervise the development of the entire coal industry, including the creation of any new industry dependent upon coal. Such a comprehensive control of the coal industry would appear to leave no room for independent enterprises outside the monopoly.

c. The provision proposing to organize and develop river (Danube and Tisza) and ocean shipping on a joint basis (Part I, C, 1) would definitely be regarded by the United States as a bilateral settlement of matters concerning an international waterway (one of the parties not being a riparian state with respect to the Tisza) which in view of the Department of State should be settled only by multilateral international agreement. (Cf. "Economic Aspects of Occupation of Hungary", March 7, 1944).

d. The agreement specifies (Part II, section 4) that the Hungarian Government will facilitate the processing of raw materials from the USSR in Hungarian factories. This amounts clearly to discriminatory treatment in favor of Soviet orders and manufactures.

e. In discussing methods of collaboration (Part II) the agreement specified that "the method and technique of collaboration will be determined by the organization designated for that purpose by the Soviet Government, in ~~collaboration~~

cooperation

cooperation with the appropriate Hungarian organizations, individuals and firms." This accords the Soviet Government a very strong bargaining position, at least within the joint enterprises created. Furthermore, such method and technique of collaboration may take the form of (1) the investment of capital by the Soviets in existing firms, or (2) the creation of joint firms. In the latter case, such firms are to have the power to "rent existing firms". This would seem to give them the power to utilize American or other foreign properties in Hungary in return for whatever in their discretion would be a just rental.

Rumania: In the case of Rumania, more specific information is available with respect to the formation of the joint enterprises. The evidence indicates that the agreement for collaboration is to be administered in such a way as to eliminate effectively other foreign interests of any importance from Rumanian economic life. Most of the joint enterprises have been formally established, but there is no evidence of the movement of capital equipment from the USSR to equip the joint companies.

a. As a result of large Russian contributions of former German shares of Rumanian oil companies and large balancing Rumanian contributions, the joint oil company established June 17, 1945 is of formidable size. In addition the joint company will have: (1) concessions of new oil bearing lands as agreed upon, (2) at least 50% of the crude oil due the Rumanian Government as royalties from all concessions, (3) right of preference for the exploration and exploitation of other free lands not already agreed upon under (1).

Since there are very few valuable free lands still available for development by the joint company, Romana-Americana and other established oil companies have been approached with a proposal to allow participation by the joint company in the exploration and development of lands already in the possession of these companies. In commenting on this and other developments respecting the joint oil company, the Managing Director of Romana-Americana stated (Despatch no. 358, June 12, 1945,

Bucharest):

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Bucharest): "... we fear that by the introduction of the Rumanian State into the oil business as a future competitor, a series of privileges will be created for this new State oil company, and at the same time a number of measures will handicap the actual operations of the existing oil companies."

b. The joint banking enterprise is, according to a convention signed in Bucharest August 14, to have as its main activities: (1) the financing of commercial operations between the USSR and Rumania, and (2) financing of operations undertaken by the joint enterprises contemplated in the agreement for economic collaboration. Supervision of these rather far-reaching powers is to be entrusted to a general manager appointed by the Soviet Group who will exercise the executive functions. The same provision is included in the other joint enterprises, thus giving the Soviet general manager extensive power in making operational decisions.

It seems probable, according to a letter from the Minister of Finance to Premier Groza (Despatch 471, August 23, 1945, Bucharest), that the inclusion of the Rumanian Bank of Credit as part of the Rumanian contribution to the joint bank will tie the activity of the most important Rumanian business bank to the activity of the two foreign (Soviet) banks participating both in the joint-USSR-Hungarian bank and the Bank of Credit.

c. An analysis of the status of the joint water-transport company by the Transportation Section of the British Military Mission to Rumania (31 August, 1945, enclosure to Despatch no. 515, September 20, Bucharest), indicates that while the agreement of July 19 concerning the formation of a Soviet-Rumanian navigation company did not in itself constitute a monopoly of river and maritime shipping, it offered the possibility of creating such a monopoly. In practice, however, the joint company has failed to secure the cooperation of Rumanian elements, has failed to take over its

leased

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leased port and shipyard properties, and shows signs of an "early death."

Conclusions Concerning Agreements for Economic Collaboration

The agreements for economic collaboration do not explicitly accord the USSR an exclusive position in the economic life of the countries concerned. While little is known as yet of the specific form which the contemplated joint enterprises will take, the indications are that they will be set up in such a way as to accord the USSR a very strong and in some cases, monopolistic position in the economy of these countries. The lengthy duration of the agreements, moreover, will give the USSR ample opportunity to implement them to the best possible advantage.

In spite of the probable exclusive character of the joint enterprises provided for by these agreements, it is not possible at present to take a strong legalistic position that they are in fact exclusive. Any such claim could probably be countered effectively by the USSR.

Both the original agreements for economic collaboration and the specific conventions founding the joint enterprises are documents approved by a government dominated by a communist minority in Rumania and not yet finally approved in any case by the Hungarian Government. Their fulfillment is a question of Soviet pressure clashing with strong private opposition in the countries concerned.

There is some evidence that this private opposition will be rather effective in resisting full monopolization. This should be borne in mind in any evaluation of the possible future extent of Soviet domination.

CP:RKHilton:RHRright:lg:mfm
12/6/45

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ANNEX I

THE TRADE AGREEMENTS

Agreements with the USSR

1. **Bulgaria** - signed March 14, 1945, Moscow expires December 31, 1945 for listed items, in force an additional six months in 1946 for merchandise according to type and amount to be agreed upon. Text secured from confidential source, forwarded April 20, 1945 to Maj.-Gen. John A. Crane by Lt. Wayne S. Vasinich. Agreement not made available to public, limited number of government officials acquainted with it.
2. **Rumania**.- signed May 8, 1945, Moscow, duration one year. Text secured from confidential sources, translation forwarded in Despatch no. 25731, September 28, London; Despatch no. 316, May 18, Bucharest. Agreement not made available to public, but commented on in general terms in Rumanian papers. Value approximately \$12,000,000,000.
3. **Hungary** - signed August 27, 1945, Moscow, expires December 31, 1946. Text secured from confidential source, translation forwarded in Despatch no. 270, September 8, 1945, Budapest. Agreement not made available to public. Value approximately \$30,000,000.
4. **Poland** - signed July 7, 1945, Moscow, expires December 31, 1945. No text. Agreement summarized in announcement by Pravda July 9 and in FCC record of Warsaw broadcast September 21. Value approximately \$60,000,000.
Special coal agreement signed August 17, 1945, covering coal shipments from Poland to USSR for duration of period of occupation of Germany.
5. **Czechoslovakia** - proposed agreement (apparently signed but not ratified), to expire December 31, 1945. Text secured from confidential source. Secret agreement, information concerning it not made available to public. Value approximately \$20,000,000.

6. Finland

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6. Finland - signed August 11, 1945 (replacing May 8 agreement), Moscow, to expire June 30, 1946. No text. Agreement summarised in Finnish radio and press announcements. Value approximately \$8,000,000.
7. Yugoslavia - signed April 13, 1945, Moscow, to expire December, 1945. No text.

Other Agreements

1. Hungary and Carpathian-Ukraine - signed July 25, 1945, Ungvar, expired September 30, 1945. Text of F. O. memo summarising agreement sent in despatch no. 218, August 22, Budapest.
2. Hungary and Czechoslovakia - signed August 16, 1945, Prague, expires December 31, 1945. Text of agreement sent in despatch no. 229, August 27, 1945, Budapest. Reported in press.
3. Hungary and Rumania - signed July 20, 1945, Bucharest, expires December 31, 1945. Text of agreement sent in despatch no. 472, August 23, 1945, Bucharest.
4. Hungary and Austria - signed September 3, 1945, Budapest. No text. General press reports.
5. Hungary and Poland - signed , expires December 31, 1945. No text. Reference in telegrams no. 398, October 12, 1945, Warsaw. List of commodities in despatch 94, November 8, 1945, Warsaw, Poland.
6. Poland and Rumania - signed , expires July 1, 1946. No text. Summary from press reports. List of commodities in despatch 94, November 8, 1945, Warsaw, Poland.
7. Poland and Sweden - signed August 21, 1945, Warsaw, expires December 1, 1946. No text. Summary from press reports, Swedish government officials. Supplementary to agreement signed July 9, 1945. (Telegram 2627, August 21, Stockholm). List of commodities in despatch 94, November 8, 1945, Warsaw, Poland.

8. Poland

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8. Poland and Denmark - signed August 29, 1945, Warsaw, expires April 30, 1946. No text. Summary from Danish Government source in Telegram no. 386, September 1, Copenhagen. List of commodities in despatch 94, November 8, 1945, Warsaw, Poland.
9. Poland and Norway - signed August 29, 1945, No text. List of commodities in despatch 94, November 8, 1945, Warsaw, Poland.
10. Rumania and Bulgaria - signed October 13, Sofia, effective until April 12, 1946. No text. Confidential source, summarised in telegram 608, October 17, Sofia. Value 200,000,000 Swiss francs. Replaces an earlier agreement of January 9, 1945.
11. Rumania and Czechoslovakia - signed November 9, Bucharest.
12. Sweden and Czechoslovakia - signed , expires December 31, 1945. No text. Summary from August 12 Swedish broadcast.
13. Czechoslovakia and Yugoslavia - to be signed in near future in Belgrade. Czechoslovakia to deliver mining equipment, machinery, relief supplies in return for timber, leather, dried fruits, wine and conserves. Six months duration.
14. Czechoslovakia and Bulgaria - signed October 20. Czechoslovakia to deliver rails, railway, streetcar material, sheet metal, ball bearings, insecticides, medicaments, dental and surgical equipment, artificial textile fibers and sugar in return for tobacco, wine, fruits, vegetables, ores. (Telegram no. 542, November 7, Praha).

ANNEX II

**Trade of Eastern European Countries
In 1934, 1937 and 1938
(in thousands of gold dollars) ^{1/}**

(Figures based on Foreign Commerce Yearbook
1939 and 1935; and Foreign Trade of the United States 1938.)

HUNGARYImports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL	60,300	100.0	84,100	100.0	72,600	100.0
From U. S. ^{a/}	3,400	5.7	3,700	4.5	3,700	5.1
From W. Europe & Mediterranean ^{2/}	14,500	24.1	14,900	18.1	14,000	19.2
From Germany	10,900	18.2	21,700	26.3	21,500	29.4
From U.S.S.R. ^{b/}	1 28	0.1	35	- ^{3/}	8	- ^{3/}

^{a/} % of total U. S. exports (0.3)

(0.2)

(0.2)

^{b/} % of total U.S.S.R. exports (-)

(-) ^{3/}

(-) ^{3/}

^{3/}

Exports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL	70,900	100.0	102,200	100.0	90,600	100.0
To U. S. ^{a/}	700	1.0	2,900	2.9	2,200	2.4
To W. Europe & Mediterranean	18,400	26.0	29,200	28.2	19,400	21.4
To Germany	15,600	22.1	24,600	24.0	24,900	27.7
To U.S.S.R. ^{b/}	404	0.6	240	0.2	--	--

^{a/} % of total U.S. imports (0.1)

(0.2)

(0.2)

^{b/} % of total U.S.S.R. imports (0.3)

(0.2)

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imports

^{1/} Amounts are expressed in terms of the former gold dollar for purposes of comparison. The conversion to gold dollars has been made in round numbers, but gives the relative magnitude of the sums involved. However, because of the different sources of the basic statistics, both amounts and percentages should be regarded as approximations.

^{2/} Includes France, Switzerland, Spain, Portugal, Low Countries, Scandinavian Countries, Italy, Greece, Turkey, Syria, Palestine, Egypt and Cyprus.

^{3/} Less than one tenth of one percent.

RUMANIA

(in thousands of gold dollars)

Imports

	<u>Amount</u>	<u>1934</u>	<u>Amount</u>	<u>1937</u>	<u>Amount</u>	<u>1938</u>
		<u>%</u>		<u>%</u>		<u>%</u>
TOTAL	78,183	100.0	87,400	100.0	81,200	100.0
From U.S. ^{1/}	3,247	4.2	3,400	3.9	3,900	4.8
From W. Europe & Mediterranean	28,428	36.4	22,800	26.3	25,100	30.9
From Germany ^{1/}	12,126	15.5	25,200	28.9	29,900	36.8
From U.S.S.R. ^{2/}	--	-	166	0.2	56	0.1
^{1/} % of total U. S. exports		(0.3)		(0.2)		(0.2)
^{2/} % of total U.S.S.R. exports		-		(0.1)		(-) ^{2/}

Exports

	<u>Amount</u>	<u>1934</u>	<u>Amount</u>	<u>1937</u>	<u>Amount</u>	<u>1938</u>
		<u>%</u>		<u>%</u>		<u>%</u>
TOTAL	81,270	100.0	136,000	100.0	93,200	100.0
To U.S. ^{2/}	6,166	0.1	2,300	1.7	1,200	1.3
To W. Europe & Mediterranean	12,697	45.6	54,100	39.7	34,900	37.5
To Germany ^{1/}	13,472	16.6	26,100	18.8	24,700	26.5
To U.S.S.R. ^{2/}	-	-	225	0.2	51	0.1
^{1/} % of total U.S. imports		(-) ^{2/}		(-) ^{2/}		(-) ^{2/}
^{2/} % of total U.S.S.R. imports		-		(0.1)		(-) ^{2/}

^{1/} Includes Austria in 1938.^{2/} Less than one tenth of one per cent.

POLAND

(in thousands of gold dollars)

Imports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Total	89,881	100.0	140,200	100.0	144,800	100.0
From U.S. <u>a/</u>	13,586	15.2	16,700	11.9	17,650	12.2
From W Europe & Mediterranean	24,936	27.8	36,700	26.2	36,000	24.8
From Germany <u>1/</u>	12,170	13.6	20,400	14.5	33,400	23.0
From USSR <u>b/</u>	1,990	2.2	1,624	1.2	1,010	0.8

a/ Percent of total U.S. exports (1.1) (0.9) (1.0)
b/ Percent of total U.S.S.R. exports (0.9) (0.8) (0.7)

Exports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Total	109,433	100.0	133,600	100.0	132,000	100.0
To U.S. <u>a/</u>	2,563	2.3	11,300	8.6	7,000	5.4
To W. European & Mediterranean	35,239	32.2	44,700	33.4	44,650	33.7
To Germany <u>1/</u>	18,151	16.5	19,360	14.8	31,750	24.7
To USSR <u>b/</u>	2,859	2.6	494	0.4	157	0.1

a/ Percent of total U.S. imports (0.3) (0.6) (0.6)
b/ Percent of total USSR imports (2.4) (0.3) (0.1)

1/ Includes Austria in 1938

BULGARIA

(in thousands of dollars)

Imports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL	16,200	100.0	37,800	100.0	36,200	100.0
From U.S.	386	2.3	760	2.0	985	2.7
From W. Europe & Mediterranean	5,425	21.7	7,050	18.6	6,500	18.1
From Germany ^{1/}	6,825	40.4	20,450	54.0	18,800	52.0
From U.S.S.R. ^{2/}	76	0.4	10	- 2/	11	- 2/
^{1/} % of total U.S. exports		(-) 2/		(-) 2/		(0.1)
^{2/} % of total U.S.S.R. exports		(-) 2/		(-) 2/		(-) 2/

Exports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL	16,200	100.0	38,100	100.0	40,900	100.0
To U.S.	124	0.6	1,460	3.8	1,395	3.4
To W. Europe & Mediterranean	6,950	36.2	7,750	20.0	7,700	18.8
To Germany ^{1/}	8,240	42.7	16,400	43.0	24,100	59.0
To U.S.S.R. ^{2/}	-	-	-	-	-	-
^{1/} % of total U.S. imports				(0.8)		(0.1)
^{2/} % of total U.S.S.R.				-		-

^{1/} Includes Austria in 1938.
^{2/} Less than one tenth of one percent.

YUGOSLAVIA

Imports

	<u>Amount</u>	<u>1934</u>	<u>%</u>	<u>Amount</u>	<u>1937</u>	<u>%</u>	<u>Amount</u>	<u>1938</u>	<u>%</u>
TOTAL	48,597		100.0	70,100		100.0	67,600		100.0
From U.S. a/	3,123		6.4	4,260		6.0	4,090		6.0
From W. Europe & Mediterranean	14,172		29.0	12,040		16.5	12,780		18.8
From Germany	6,761		13.9	23,475		32.4	22,100		32.5
From U.S.S.R. b/	--		--	--		--	--		--
<hr/>									
a/ % of total U. S. exports			(0.2)			(0.2)			(0.2)

Exports

	<u>Amount</u>	<u>1934</u>	<u>%</u>	<u>Amount</u>	<u>1937</u>	<u>%</u>	<u>Amount</u>	<u>1938</u>	<u>%</u>
TOTAL	32,744		100.0	85,400		100.0	68,900		100.0
To U. S. a/	2,133		4.0	3,965		4.6	3,495		5.1
To W. Europe & Mediterranean	18,938		35.8	29,750		34.8	15,850		23.0
To Germany	8,130		15.4	18,540		21.7	24,750		35.9
To U.S.S.R. b/	--		--	--		--	--		--
<hr/>									
a/ % of total U. S. imports			(0.1)			(0.2)			(0.3)

CZECHOSLOVAKIA

Imports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL	161,009	100.0	226,500	100.0	172,100	100.0
From U. S. a/	8,988	5.6	23,050	10.2	17,500	10.2
From W. Europe & Mediterranean	39,315	24.4	60,200	26.5	45,200	26.2
From Germany	31,233	19.4	35,050	15.5	14,540	14.2
From U.S.S.R. b/	2,420	1.5	2,650	1.2	2,085	1.2
a/ % of total U. S. exports	(0.7)		(1.2)		(1.3)	
b/ % of total U.S.S.R. exports	(1.1)		(1.3)		(1.3)	

Exports

	<u>1934</u>		<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL	184,100	100.0	246,600	100.0	210,000	100.0
To U. S. a/	12,498	6.8	22,950	9.3	13,580	6.5
To W. Europe & Mediterranean	42,849	23.3	60,500	24.5	53,200	25.4
To Germany	39,295	21.3	33,850	13.7	27,400	13.0
To U.S.S.R. b/	808	0.4	1,940	0.8	4,870	2.3
a/ % of total U. S. imports	(1.2)		(1.3)		(1.2)	
b/ % of total U.S.S.R. imports	(0.6)		(1.2)		(3.1)	